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have an acceptable provision for an emergency circulation of bank-notes. Of course care should be taken to safeguard these notes in every way. They should be issued by the banks under the direction and supervision of the government, or by a central bank of issue, and secured by substantial commercial paper and a reasonable cash reserve. They should be limited in quantity, so as to relieve bank officials, so far as possible, of the temptation to make hazardous loans; and they should be subject to a tax which should make them unprofitable except in times of financial stringency and of consequently high discount rates, thus assuring their early redemption and retirement. Notes issued in this way could prove no possible obstacle to sound banking. They would serve not only to meet the fluctuations in the demand for cash due to seasonal variations in different sections of the country, but also to lessen, if not to obviate, the dangers arising from a general financial crisis.

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### THE STRIKE AT IQUIQUE

Iquique is a port of Northern Chile on the Pacific Ocean, with a population of about 40,000. The city is built at the water's edge on a low, flat area directly under high, yellow, sand bluffs. Above the bluffs are the pampas, which stretch back in arid wastes into the interior. On these elevated plains are to be found the deposits of minerals and nitrate which have been the basis of the Chilean income since the recent war with Peru. The nitrate *officinas* are supplied with laborers mainly drawn from among the natives, or so-called *rotos*. These men have many good qualities, and are loyal and industrious when well treated; but the exploitation of the *roto* by the employing class is unfortunately not rare. In many instances the laborer is a peon, practically attached to the soil; because, by law, he cannot migrate while he is in debt to his employer and the latter is easily able to make the condition of being indebted practically permanent.

The facts as to the strike at Iquique in December, 1907, were carefully concealed from the outside world by official censorship; but its bloody outcome was an illustration, which should not go unrecorded, of the influence of a bad monetary system upon the labor question. In Chile, before the war with Peru and Bolivia

in 1879, the paper money was convertible into gold at 48*d.* per peso. Later, the paper fell to about 36*d.* In recent years, it went to 18*d.*, largely because the government confused the fiscal with the monetary functions of the treasury, and borrowed under the form of large issues of paper money. About 1904, the country was caught in a wild whirl of speculation and over-expansion, which came to an end with the frightful earthquake of 1906, especially destructive at Valparaíso. Then the paper subsequently fell as low as 7*d.* or 8*d.* The proposals of redemption forcefully urged upon Congress by President Montt, looking to a restoration of the rate to perhaps 18*d.*, have been strongly opposed by those who monopolize the agricultural properties, as well as by employers, such as the producers of nitrate. Nitrate is sold abroad for gold; and the prices in the world's markets have been falling in recent years. Anything, therefore, which would increase their expenses would be vigorously opposed when their returns were being reduced. For this reason they were opposed to any rise of wages. Wages, however, were paid in paper money; and a customary number of pesos per day were always expected by the untutored *rotos*, without much regard to what the paper would buy. The nitrate *officinas*, with the gold obtained from their product, could obviously get more pesos in paper money at the rate of 8*d.* or 12*d.* than at 18*d.* That is, as the rate went up, their labor cost them more relatively to the price of nitrate in gold.

The laborer, on the other hand, was the victim, as always, of a depreciating standard. As the paper money fell in value, the importers and sellers of staple articles raised their prices. Thus, without an understanding of the monetary principles at work, the poor *roto* saw only that his customary wages in paper bought for him less food and satisfactions. He was, in truth, the sufferer from a vicious monetary system, kept in existence for the selfish gain of the classes who had the majority in Congress and who indefinitely postponed the resumption scheme of President Montt. The *roto*, however, has a quick and fiery temper, and when angered he stops at nothing. This natural turning against injustice brought on the pitiful tragedy at Iquique. The *roto* flew in the face of law and order; and by the irony of fate saw the force which had brought on his misery also engaged in crushing him under a heel of iron.

The first hint of impending danger came from the Chinese, who

always have their ears to the ground; but their fears were scouted. Then one morning, suddenly, 20,000 strikers from the *officinas* on the arid pampas came pouring over the yellow sand bluffs down into Iquique, and took possession of the city. Houses were barricaded, and the city was left in the hands of a cruel mob. There were no troops on hand to cope with the situation. As subsequent events showed, the leading citizens were marked for death, and the city was to be fired simultaneously in many different places. At this critical moment soldiers were hurriedly despatched by steamer to Iquique, led by an officer of determination—and Chilean soldiers are good fighters. The rioters were maneuvered into a city square where they were massed about a church. Ineffectual efforts were made to induce them to disperse. Instead the leaders of the mob only responded by more fiery speeches. The military sent word that they would fire at 4 o'clock, if the rioters had not then dispersed. This was received with derisive cheers, when 4 o'clock came and no shot was fired. The officer then took out his watch and gave them five minutes in which to withdraw. At five minutes past four the whirl of the mitrailleuse began. Piles of dead and dying were heaped up in a moment. Two hundred were killed and three hundred wounded; and the rest fled up the sand bluffs and were lost to sight on the pampas. Thus the innocent victims of a wrongful monetary system were led to their own destruction by a perfectly natural revolt against injustice; and another crime was laid at the door of a fluctuating standard of prices.

It should be added that the law which had fixed upon January 1, 1910, as the date of resumption was this summer again modified, and the date postponed.

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